Splash Sports Inc.

Aufgaben

The Splash Sports Inc. is a fashion start-up with its headquarters in Miami, Florida. It is a globally renowned manufacturer of sports fashion, nutrition and equipment. The headquarters are huge and impressive: due to onsite benefits like fitness and wellness classes are offered, also classes such as group cooking or coffee tasting. Employees may ride a bike to one of the onsite cafes and restaurants which are all free of charge. There are trust-based working-hours and teleworking options. An investment in a new company swimming pool and in a new e-scooter fleet is planned. The new swimming pool building costs USD 250,000 and the scooter fleet USD 50,000. Recently, there have been disputes among the partners with regard to the strategic focus of the company. The partners now discuss several options of raising new capital by taking on a new investor, by financing through a long-term loan or by paying cash.

Splash Sports Inc.
December 31, 2021

Current assets		**Current liabilities**	
Cash and cash equivalents	1,100,000.00	Accounts payable	30,000.00
Accounts receivable	1,200,000.00	Accrued expenses	1,000,000.00
Inventory	2,554,000.00	Short-term debt	1,200,000.00
		Long-term debt	2,020,000.00
Fixed assets		**Equity Capital**	
Buildings	2,040,000.00	Registered capital[1]	3,500,000.00
Equipment	350,000.00		
Vehicle Park	506,000.00		
Total assets	7,750,000.00	**Total liabilities and shareholders' equity**	7,750,000.00

1.1 Calculate the balance sheet items and show the effect of the three options on the balance sheet using Material 1. It is assumed that USD 300,000 of the accounts receivable have meanwhile been settled by bank transfer.

(9 BE)

1.2 Describe three advantages and three disadvantages of taking on an investor.

(6 BE)

1.3 Name two advantages of financing by loan and two advantages of paying cash.

(4 BE)

1.4 Assess which of the three options should be chosen by the management of Splash Sports Inc.

(4 BE)

[1] registered capital: Stammkapital

1.5 In the board meeting the head of controlling states that the investments in employee amenities such as a swimming pool and a scooter fleet have no positive effects on the operating result of the company. Discuss this statement.

(6 BE)

2 In 2017, Splash Sports Inc. have introduced the Splash protein bars. They are well-balanced snacks with high protein and low fat content. The USP of the snack bars is that each bar contains a health benefit ingredient. There are five types of protein bars:
- Splash Stay Awake (with guarana and mate tea)
- Splash Stay Strong (with beef jerky and meat protein)
- Splash Stay Healthy (with acerola powder)
- Splash Stay Tuned (with algae and fish oil)
- Splash Stay Sweet (with stevia)

2.1 Recently, the sales figures for the Stay Strong Bar and Stay Tuned Bar have decreased. The ongoing trend of a vegan lifestyle has led to a reduced demand for the two products. With the help of Material 2, calculate the turnover and profit/loss for each year and sketch the product life cycle (turnover and profit/loss) of both bars in two diagrams.

(14 BE)

2.2 Describe both product life cycles and suggest a strategic decision for each of the two bars.

(8 BE)

3 For the next financial year, the management plans to further strengthen the market presence and expand the product range by a new Splash bar.

3.1 Depict five stages in the product development process in general and illustrate each state with a concrete example of measures for the development of a new Splash bar.

(15 BE)

3.2 The management sets up a marketing plan with the help of the 4 Ps marketing mix. Develop a marketing mix for the introduction of the new protein bar by referring to each of the 4 Ps.

(8 BE)

4 A national economy is characterized by the following data:
autonomous consumption: 0.5 million USD
autonomous investment: 0.65 million USD
marginal propensity to consume: 0.7

4.1 Determine and sketch the consumption, investment and savings function of the economy. Use a scale in millions in your diagram.

(6 BE)

4.2 Mathematically and graphically determine the equilibrium income of the economy in your sketch in 4.1.

(3 BE)

4.3 Explain the concepts of the autonomous investment and the marginal propensity to consume. Assess in how far the concepts are realistic.

(6 BE)

4.4 The investment leads to a so-called investment multiplier effect. Generally, explain this effect and show how in an open economy it is influenced by:
- a decrease in the marginal propensity to consume
- a decrease in the marginal propensity to save
- an increase in the tax rate
- an increase in the import quota (imports compared to GDP)

(11 BE)

Material 1

Balance sheets

Scenario 1: balance sheet after accepting a new investor			
Current assets		**Current liabilities**	
Cash and cash equivalents		Accounts payable	
Accounts receivable		Accrued expenses	
Inventory		Short-term debt	
		Long-term debt	
Fixed assets		**Equity Capital**	
Buildings		Registered capital	
Equipment			
Vehicle Park			
Total assets		**Total liabilities and equity**	

Scenario 2: balance sheet after financing through a long-term loan			
Current assets		**Current liabilities**	
Cash and cash equivalents		Accounts payable	
Accounts receivable		Accrued expenses	
Inventory		Short-term debt	
		Long-term debt	
Fixed assets		**Equity Capital**	
Buildings		Registered capital	
Equipment			
Vehicle Park			
Total assets		**Total liabilities and equity**	

Scenario 3: balance sheet after paying cash			
Current assets		**Current liabilities**	
Cash and cash equivalents		Accounts payable	
Accounts receivable		Accrued expenses	
Inventory		Short-term debt	
		Long-term debt	
Fixed assets		**Equity Capital**	
Buildings		Registered capital	
Equipment			
Vehicle Park			
Total assets		**Total liabilities and equity**	

Material 2

Sales figures, sales price, variable and fixed costs

Sales figures in million units						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Stay Strong	0.3	0.4	0.45	0.5	0.3	0.1
Stay Tuned	0.3	1.6	1.8	2.6	2.6	2.4

Sales price in USD						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Stay Strong	1.50	1.60	1.70	1.70	1.80	1.80
Stay Tuned	2.20	2.20	2.40	2.50	2.50	2.50

Variable costs in USD per unit						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Stay Strong	0.30	0.40	0.40	0.50	0.60	0.90
Stay Tuned	1.00	1.10	1.10	1.10	1.20	1.00

Fixed costs in USD per year						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Stay Strong	200,000.00	220,000.00	230,000.00	240,000.00	240,000.00	250,000.00
Stay Tuned	1,200,000.00	1,220,000.00	1,230,000.00	1,240,000.00	1,230,000.00	1,250,000.00